The Real Estate ANALYST

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1937

Roy Wenzlick
Editor

A concise easily digested monthly analysis based upon scientific research in real estate fundamentals and trends...Constantly measuring and reporting the basic economic factors responsible for changes in trends and values...Current Studies...Surveys...Forecasts

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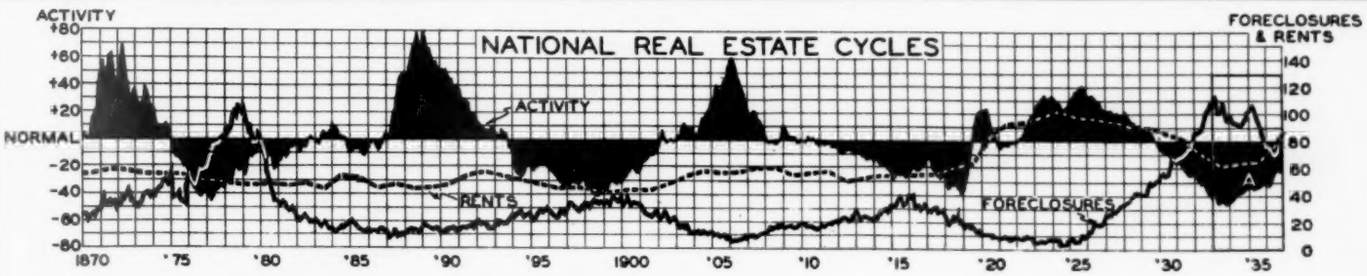
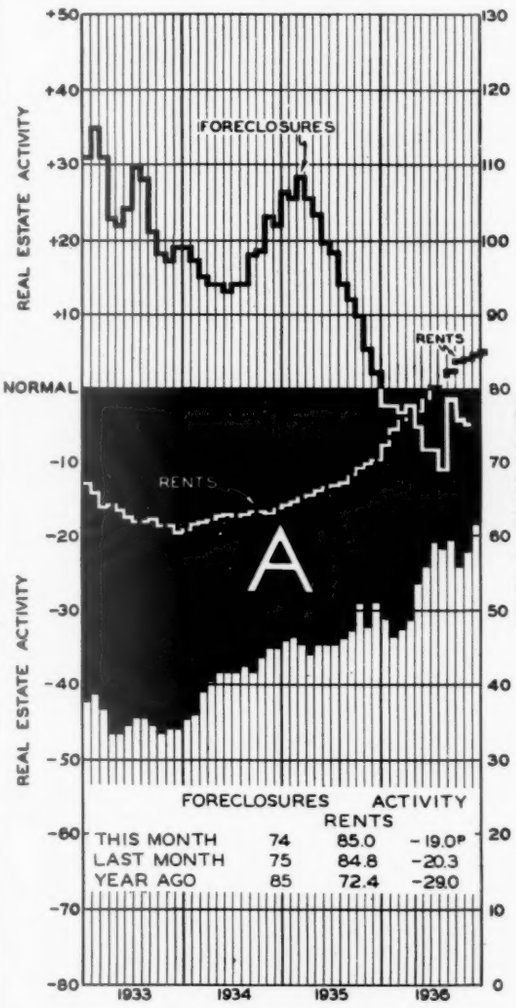
Real Estate Economists, Appraisers and Counselors





THE chart above shows the fluctuations of urban real estate activity, foreclosures, and rents in the United States from 1870 to the present. The chart to the left is the last four years of the upper chart enlarged to show monthly fluctuations. This chart is explained in detail in the article starting on page 632 in the November issue.

Our national index of residential rents for the month continues the steady increase of the past three years. This increase is due primarily to the decrease in residential vacancy and to the increase in construction costs. If vacancies decrease in the face of an increasing demand for space, rents will rise rapidly provided construction costs are high enough to prevent a large enough amount of new building to satisfy the demand. Residential vacancy in the United States is now lower than it has been at any time in the past fifteen or sixteen years, and construction costs are rising quite rapidly.

Real estate activity as measured by voluntary sales of real estate, and as shown by the black area on the chart, reached a new recovery high, a point higher than has been reached at any time during the past six years.

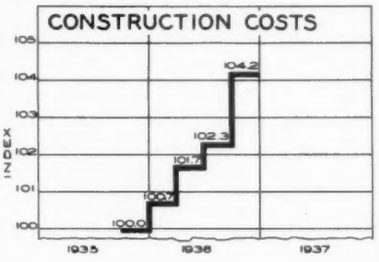
Our national index of foreclosures shows a drop in spite of the HOLC foreclosures. As rents and values rise, many properties which seemed destined for eventual foreclosure a short time ago will rehabilitate themselves. Foreclosures dropped very rapidly when we had reached approximately the same recovery position after the big depression of the seventies.

FORECASTS FOR 1937

A wise man once said: "The future is separated from the present by a whirling mist, thin enough in places to distinguish with some clarity the outlines of things to be; in other places so dense that no possibility exists of seeing even the vaguest figures. The greatest difficulties arise, however, in those intermediate places where the imagination pieces together the fragmentary outlines discernible into pictures which may or may not represent the figures beyond the mist." In the following forecasts we have tried to confine ourselves to those trends which we think can be seen most clearly.

During 1937 we expect real estate activity to increase quite rapidly, probably bringing the long depression period back to the normal line on our long chart by the end of 1937.

A weekly index of wholesale prices in building materials has not failed to show from ¼% to ¾% increase per week for the past several months. Since we have found that the greatest determining factor in building material prices is the change in general price levels for all commodities, we believe it safe to assume that with a rising general price level during 1937 building material prices are bound to reflect this increase. Material costs constitute from 40% to 50% of the complete cost of the building. If all other factors of cost remain constant, a 2% increase in the cost of materials would cause an increase in the total cost of the building of slightly less than 1%. However, labor costs are also increasing and will continue to increase during 1937.



For a great many years the ratio of construction costs to the values of completed buildings has been too high to enable any volume of building to go forward. (See article in this report on residential building.) In some cities during 1936 this ratio became far more favorable and considerable building was done. In other cities the ratio remained unfavorable and comparatively little building was done. During 1937 the ratio will become more favorable in practically all cities and towns of the United States, in spite of the fact that construction costs are continuing to rise. The percentage of vacancy in residential buildings, as pointed out elsewhere in this report, has reached the lowest point in sixteen years, and this factor has caused rents to move upward quite rapidly. They will continue to advance at a more rapid rate during the next few years than construction costs. Should construction costs, however, advance too rapidly,a larger percentage of prefabricated buildings will be erected 1937 will be a good year in comparison with 1936 for those prefabricators who are well established in the field, but the amount of prefabricated building as a percentage of the total building done will remain insignificant. In those cities in which the charts in this issue show a considerable volume of new building the subdivision business will show a marked increase during 1937, but it will show some increase in every metropolitan city of the country.

Residential rents will continue to advance at an accelerated rate during 1937. In many cities the percentage of advance will double that of 1936 unless labor difficulties decrease the rate of improvement in general business in the United States. While it is impossible at this

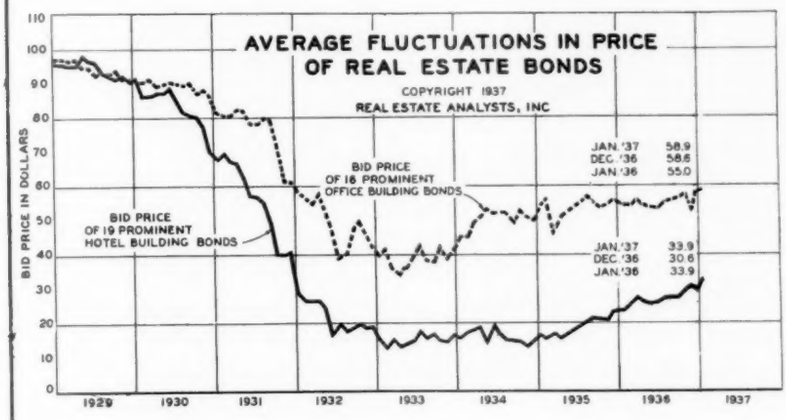
time to forecast the amount of retardation to the increase in general business due to labor difficulties, it seems to us that, though undoubtedly there will be strikes in larger industries (labor difficulties always accompany a period of better business), these strikes will be "patched up" without either side winning a clear cut victory.

During 1937 there will be a large increase in occupancy in office building space in most of the principal cities. Rents, however, will not increase materially as there is still too large a percentage of office vacancy in most cities to place the bargaining power in the hands of the landlord. The rapid increases in these rentals will come later.

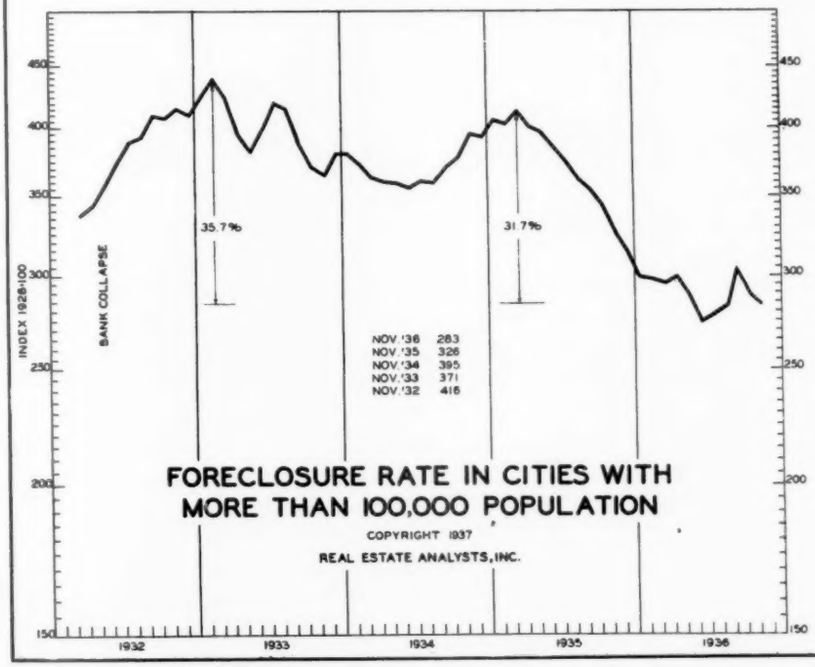
Rents of good store locations will show considerable improvement during 1937 as good locations are again in demand, and the landlord will be in a good bargaining position, with more potential tenants than good locations. Secondary locations will increase at a slower rate.

The average of all real estate bonds will increase very materially during 1937. Individual issues may or may not increase, depending

(continued on page 673)



THE chart to the left shows the fluctuations in the bid prices of real estate bonds. There has been a pronounced trend upward in hotel bonds during the past two years and in office building bonds during the past six months.



THE chart to the left shows the monthly fluctuations in the foreclosure rate in larger cities.

We believe it is quite significant that the urban foreclosure rate is continuing to drop in spite of HOLC foreclosures. Apparently the rate of other urban foreclosures is decreasing at a rate rapid enough to offset the increases due to HOLC foreclosures.

RESIDENTIAL BUILDING IN THE UNITED STATES

IN August, 1936, the Real Estate Analyst charted the number of new family accommodations built per month per 10,000 families in each of ninety major metropolitan areas of the United States. In this issue we are bringing these charts up to date and are also charting five additional cities. In the chart for each city, where the dot follows the name of the city, the principal suburbs have been included at least during the later years on the chart. In many cases it has been impossible to get the figures on suburban areas for the earlier years. It will be noticed that on some charts, Boston for instance, four other cities are named on the chart--Cambridge, Lynn, Lowell, and Somerville. Each of these cities contains 100,000 population or more, but in spite of their size they are considered in the Boston area and are included in the Boston metropolitan figure. In addition, many other small communities not listed are included.

All in all, figures from 264 cities are included in the ninety-five metropolitan areas charted in this report. In all cities the number of family accommodations provided by the so-called slum clearance projects constructed under the Housing Division of the Public Works Administration has been eliminated from the charts. Buildings built with Federal Housing Administration loans have, of course, been included in our figures. The figures given here represent the volume of construction built under private initiative.

Two things are quite noticeable on these charts. First, the wide variations in the amount of building done in the various metropolitan areas during the last boom; and second, the wide variation at the present time in the resumption of building in the various communities. The variation during the last boom ran from 12.7 new family accommodations built per 10,000 families per month in Bridgeport, Connecticut, to 545 new family accommodations per 10,000 families in Miami, Florida. At the present time the variation runs from 0.4 of a housing accommodation per month per 10,000 families in New Bedford, Massachusetts, to 65.8 new family accommodations per 10,000 families in Miami.

Why this wide difference in the volume of new building in relation to the number of families in these communities, both during the last boom and at the present time? The Real Estate Analyst has always maintained that the volume of building in any community depends on the relationship of rents and values in that community to the cost of new building If rents and values are high in relation to costs, there is a strong incentive to build as a profit can be made on each building constructed. If rents and values are low in relation to construction costs, only "irrational" building will result, as the speculator and the operative builder can not make sufficient profit to justify the risks of new construction.

In rapidly growing cities vacancy is absorbed more quickly than it is in matured and slowly growing communities; and since rent and value levels depend on the relationship of the demand for space to the supply of space, in rapidly growing cities, if building costs are higher than rents and values, rents will rise faster than they will in cities where the rate of growth is much slower. In many of the cities in which new building is most active at the present time growth continued during the depression,

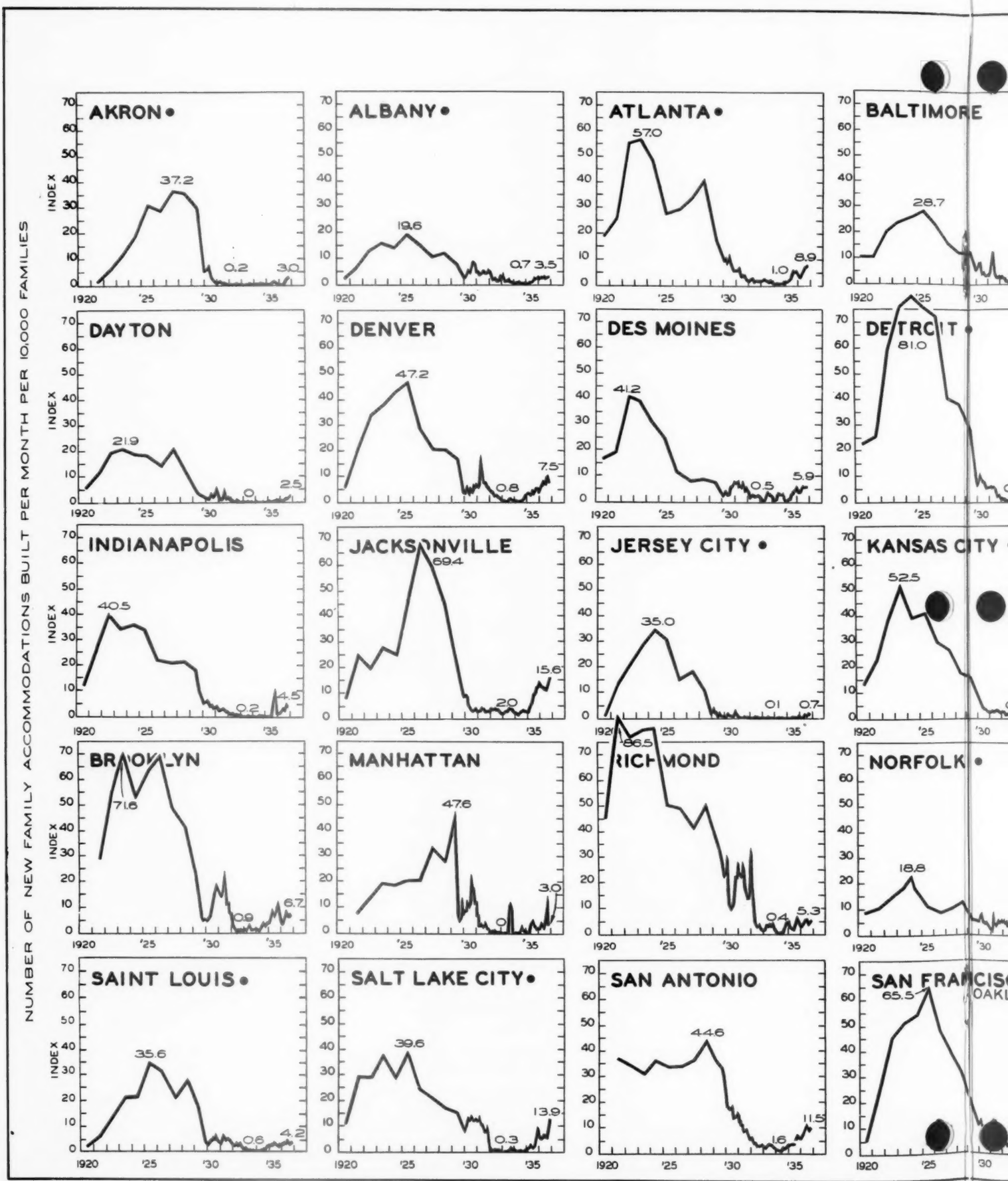
preventing the excessive vacancy which some other cities experienced. Washington, D. C., and some of the cities in the Southwest are very good examples of this. Due to the increased government activity at no time did rents in Washington fall below 83% of their boom levels, in contrast with Birmingham, for instance, where they fell to 41% of their boom levels. Still further increases in activity in Washington have carried rents to a point where they now approximately equal the levels of the last boom, and new building is going forward at a very rapid rate.

During 1937 the volume of new building will continue to show the wide variation in rate in various cities which it has shown in the past, but in practically all cities the relationship of construction costs to rents and values is becoming more favorable as rents and values are increasing at a more rapid rate than construction costs. This should result in increased construction volume in practically all cities. Construction costs are also rising, however, and will continue to rise,we believe, during 1937. This is true of both materials and labor. We would caution those making construction loans to guard against the possibility of rising costs, preventing completion at the contract price. Commitments can be secured on materials, but even these are not guaranteed against increases in sales tax. (Missouri is now contemplating an increase of from 1%, the present rate, to 2%.) No commitments can be secured from labor, which will guarantee completion at a fixed labor cost, as return of labor troubles during construction and efficiency of labor are all subject to changes as 1937 develops.

NOTES ON ADVERTISED RENTALS

REAL Estate Analysts, Inc.,has been checking all classified advertisements of living quarters for rent appearing in the leading newspapers of the principal cities. These advertisements are classified first as to the type of property advertised; second, as to the number of rooms; and third, as to the rental asked. From this information we have computed each month what we call our average advertised rent per month per room.

These figures have certain advantages and disadvantages which we have listed below: (1) Advertised rents represent not what properties are actually rented for,but what the owners of the properties believe they can secure. We know from the behavior of our figures that they quite frequently become too optimistic during the pronounced renting seasons,asking rents which they later lower as the property remains vacant. (2) Advertised rents for past years can be reconstructed in exactly the same fashion from the old newspaper files. This enables us to recover information on the approximate movement of rents in preceding booms and depressions. (3) We believe that over a period of years this method of approximating rent levels gives fairly accurate results. (4) The greatest disadvantage we have found in advertised rentals is that in transition periods when vacancy is almost disappearing,all of the desirable quarters may be rented leaving only the undesirable on the market. Until the housing shortage becomes quite acute, the undesirable quarters do not increase in value sufficiently for our average for the city to increase by as great a percentage as the increase in actual rents. Our experience in the past has been, however, that this condition automatically adjusts itself, and that while our index may be out for a short period,it eventually again reflects relative rental levels. We are quite confident that in a few cities at the present time we are experiencing the condition we have noted above.


NUMBER OF NEW FAMILY ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES
AKRON •
37.2
0.2
3.0
ALBANY •
19.6
0.7
3.5
ATLANTA •
57.0
1.0
8.9
BALTIMORE
28.7
DAYTON
21.9
0
2.5
DENVER
47.2
0.8
7.5
DES MOINES
41.2
0.5
5.9
DETROIT •
81.0
INDIANAPOLIS
40.5
0.2
4.5
JACKSONVILLE
69.4
2.0
15.6
JERSEY CITY •
35.0
0.1
0.7
KANSAS CITY
52.5
BROOKLYN
71.6
0.9
6.7
MANHATTAN
47.6
0
3.0
RICHMOND
86.5
0.4
5.3
NORFOLK •
18.8
SAINT LOUIS •
35.6
0.6
4.2
SALT LAKE CITY •
39.6
0.3
13.9
SAN ANTONIO
44.6
1.6
11.5
SAN FRANCISCO
OAKL
65.5
INDEX
1920
'25
'30
'35

FLUCTUATIONS IN THE NUMBER OF NEW F

BUILT PER MONTH ~ PER 10,000 FAMILIES ~ IN ALL CITIES HAVING M

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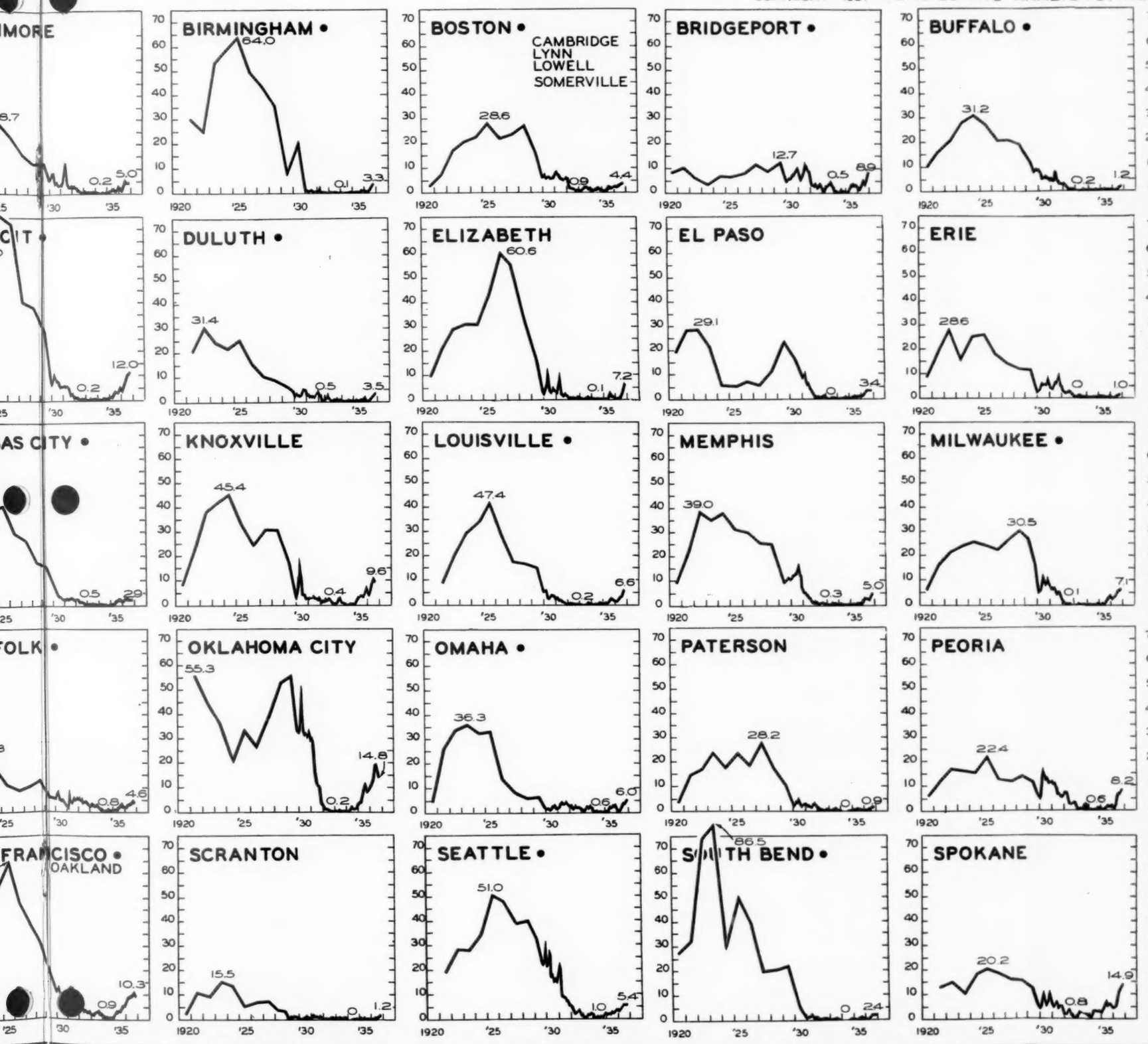
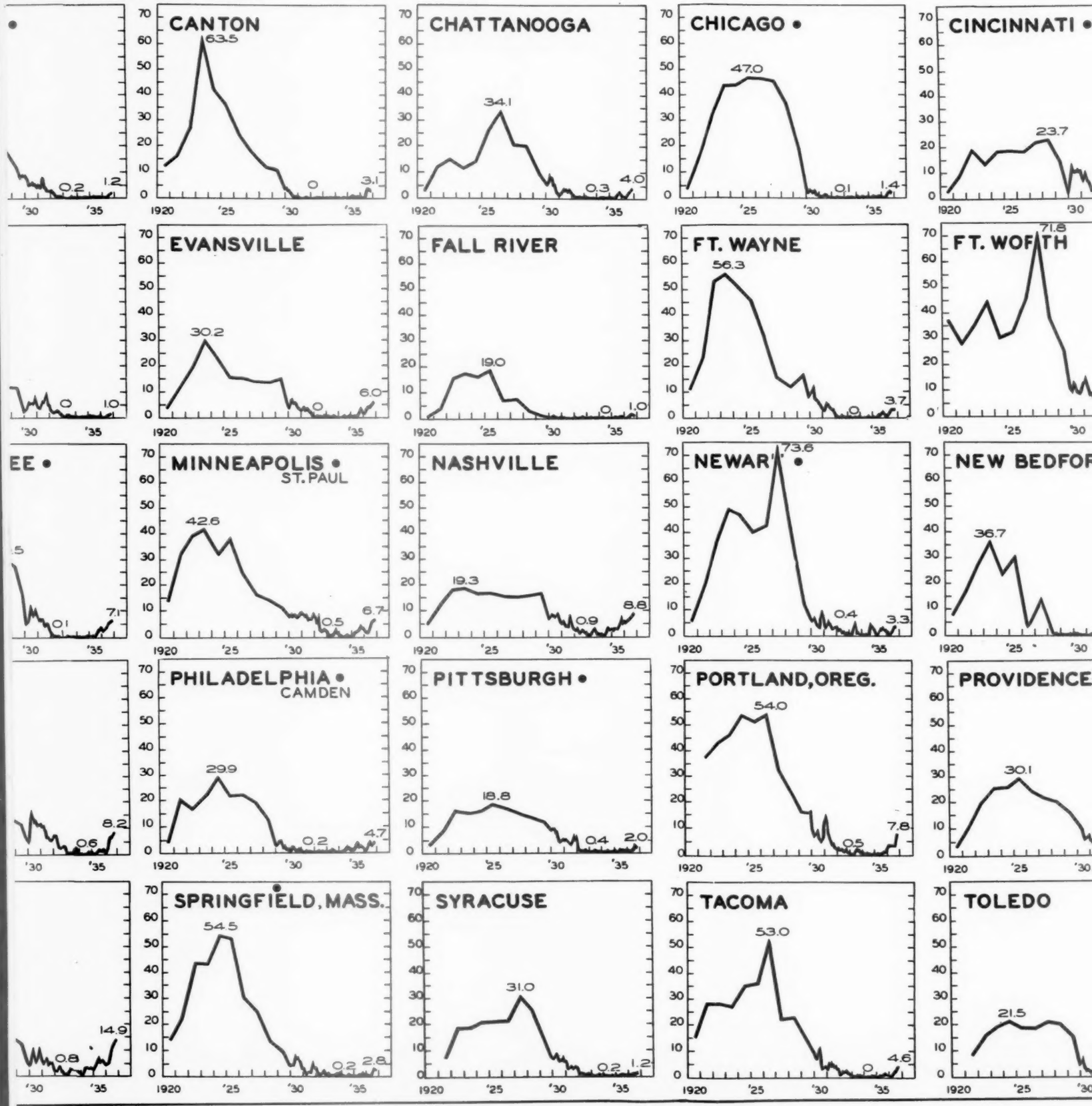
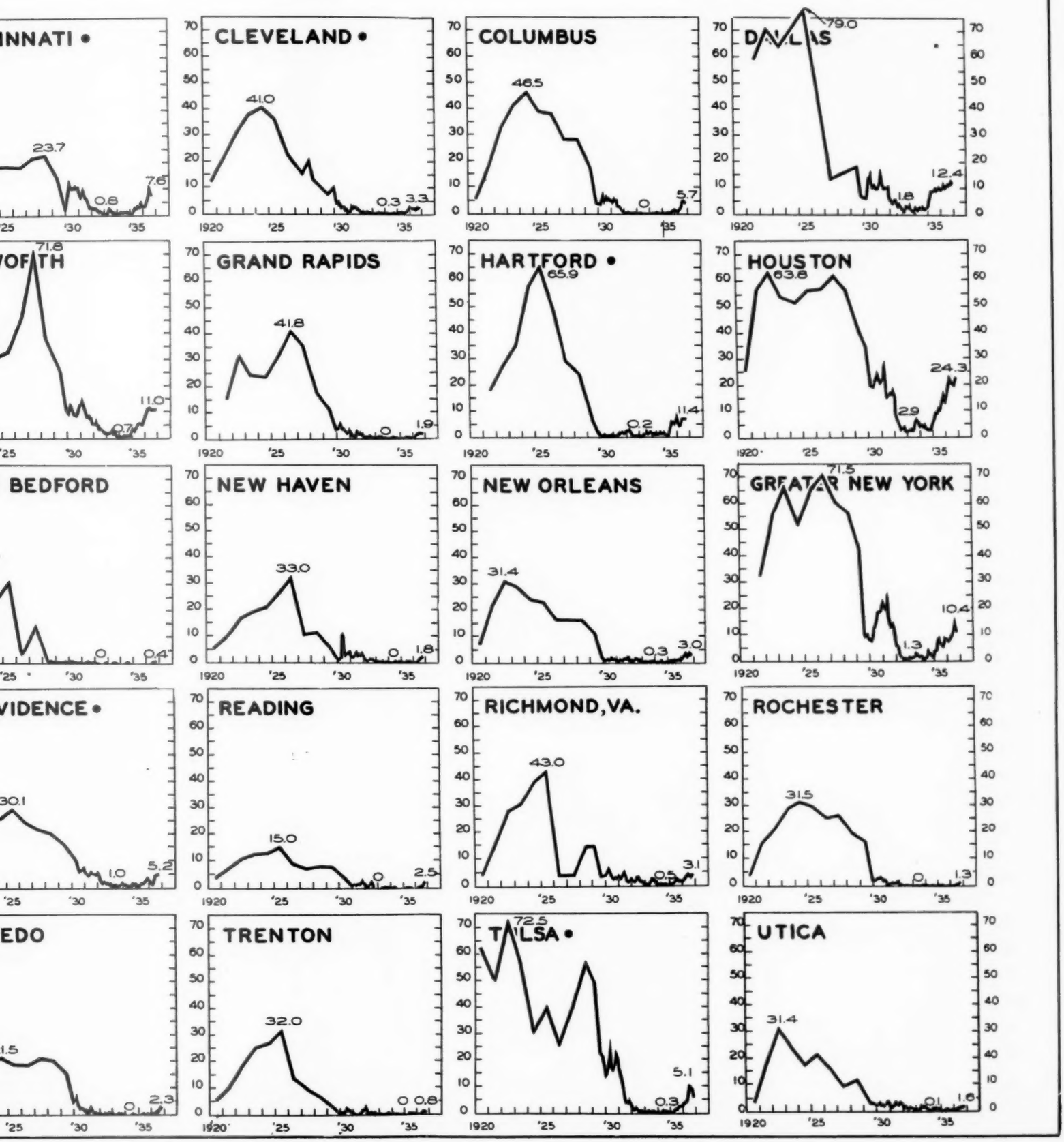


OF NEW FAMILY ACCOMMODATIONS

ES HAVING MORE THAN 100,000 POPULATION IN 1930

ANALYSTS, INC.-SAINT LOUIS




INNATI •
23.7
0.8
7.6
CLEVELAND •
41.0
0.3
3.3
COLUMBUS
46.5
0
5.7
DALLAS
79.0
1.8
12.4
WORTH
71.8
0.7
11.0
GRAND RAPIDS
41.8
0
1.9
HARTFORD •
65.9
0.2
11.4
HOUSTON
63.8
2.9
24.3
BEDFORD
0
0.4
NEW HAVEN
33.0
0
1.8
NEW ORLEANS
31.4
0.3
3.0
GREATER NEW YORK
71.5
1.3
10.4
VIDENCE •
30.1
1.0
5.2
READING
15.0
0
2.5
RICHMOND, VA.
43.0
0.5
3.1
ROCHESTER
31.5
0
1.3
EDO
1.5
0
2.3
TRENTON
32.0
0
0.8
TULSA •
72.5
0.3
5.1
UTICA
31.4
0.1
1.6
1920
'25
'30
'35

FLUCTUATIONS IN THE NUMBER OF

BUILT PER MONTH ~ PER 10,000 FAMILIES ~ IN ALL CITIES

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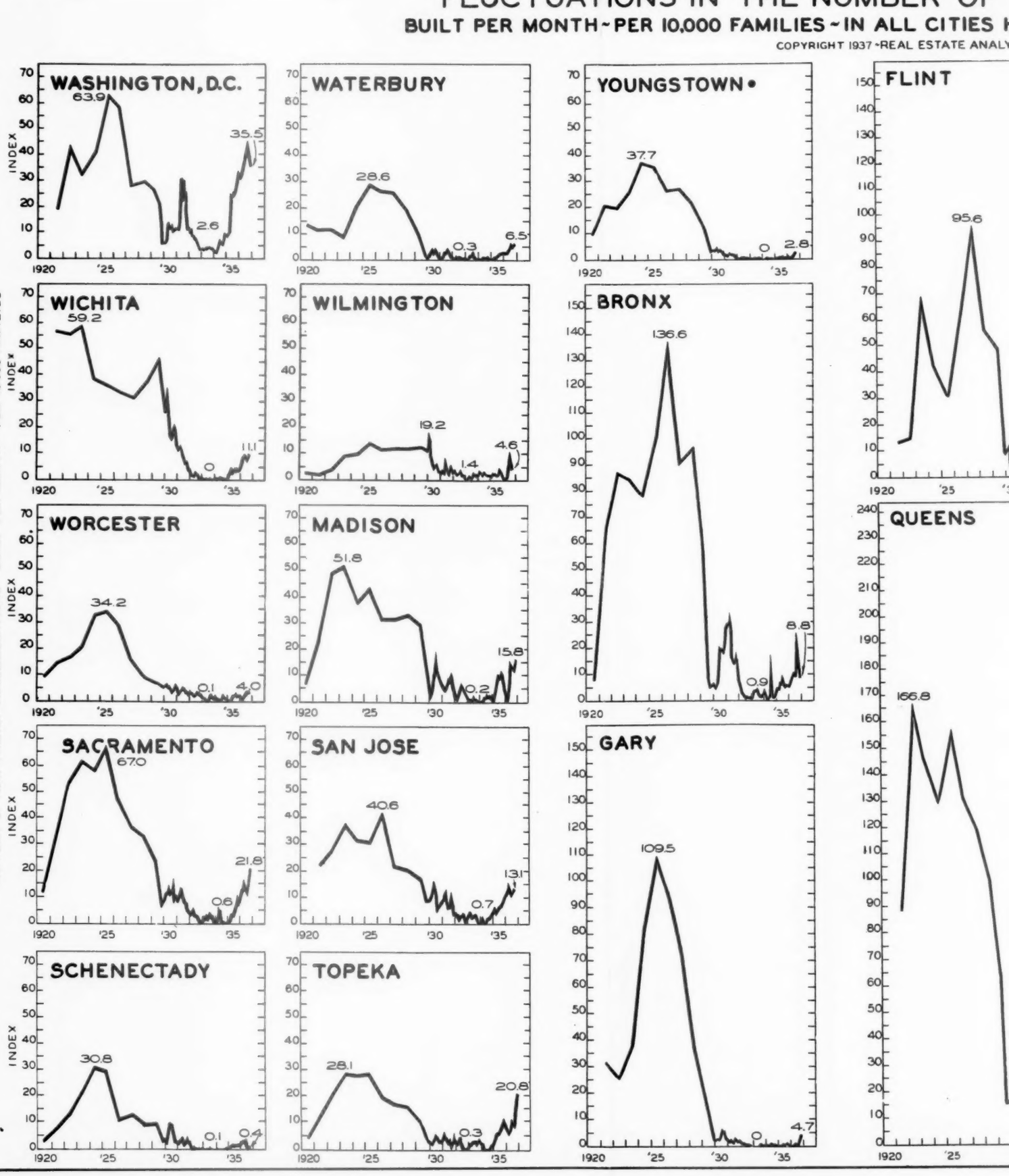
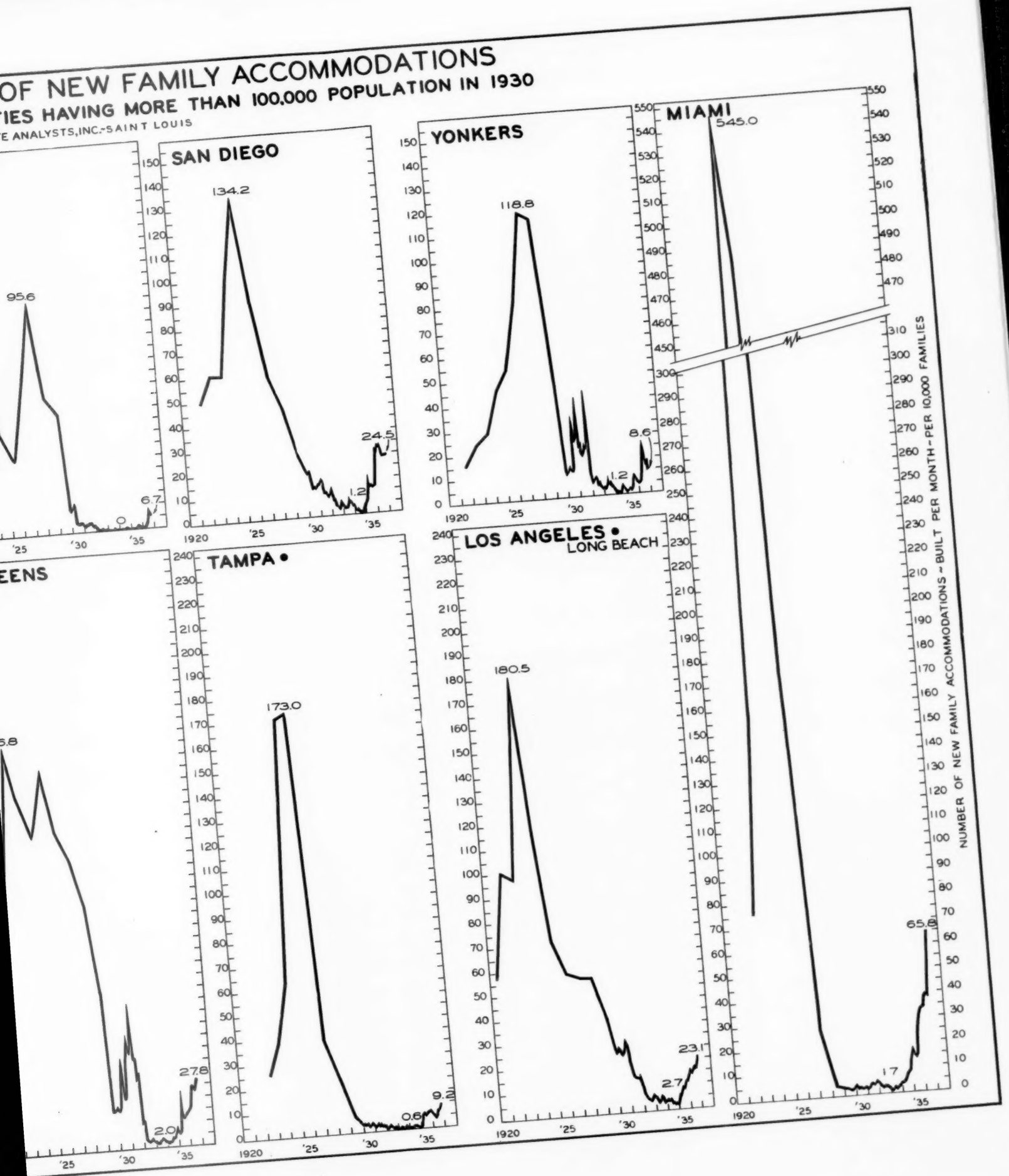
NUMBER OF NEW FAMILY ACCOMMODATIONS ~ BUILT PER MONTH ~ PER 10000 FAMILIES




OF NEW FAMILY ACCOMMODATIONS
IES HAVING MORE THAN 100,000 POPULATION IN 1930
E ANALYSTS, INC. - SAINT LOUIS
SAN DIEGO
134.2
24.5
1.2
YONKERS
118.8
8.6
1.2
MIAMI
545.0
17
65.8
95.6
6.7
EENS
6.8
27.8
2.0
TAMPA •
173.0
9.2
0.6
LOS ANGELES •
LONG BEACH
180.5
23.1
2.7
1920
'25
'30
'35
NUMBER OF NEW FAMILY ACCOMMODATIONS - BUILT PER MONTH - PER 10,000 FAMILIES

AVERAGE ADVERTISED SINGLE FAMILY DWELLING RENTS 1935-1937

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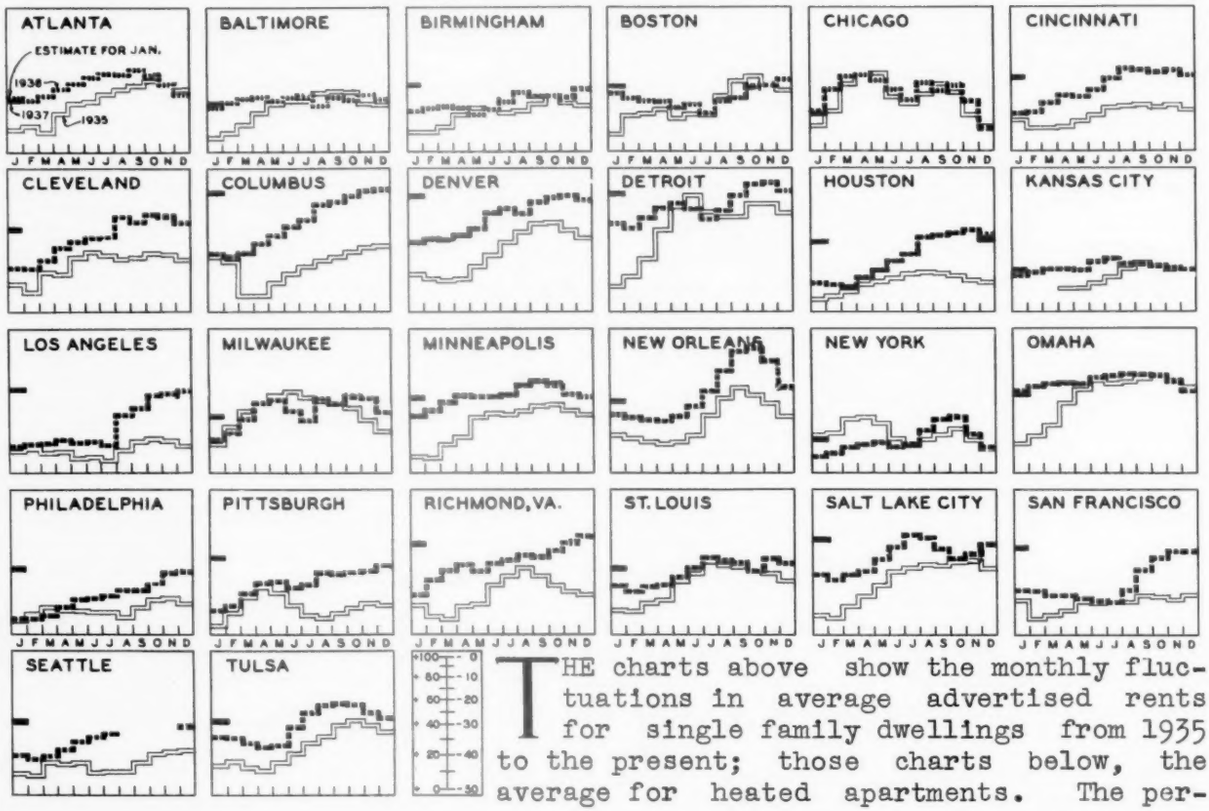

THE charts above show the monthly fluctuations in average advertised rents for single family dwellings from 1935 to the present; those charts below, the average for heated apartments. The per-

AVERAGE ADVERTISED APARTMENT RENTS 1935-1937

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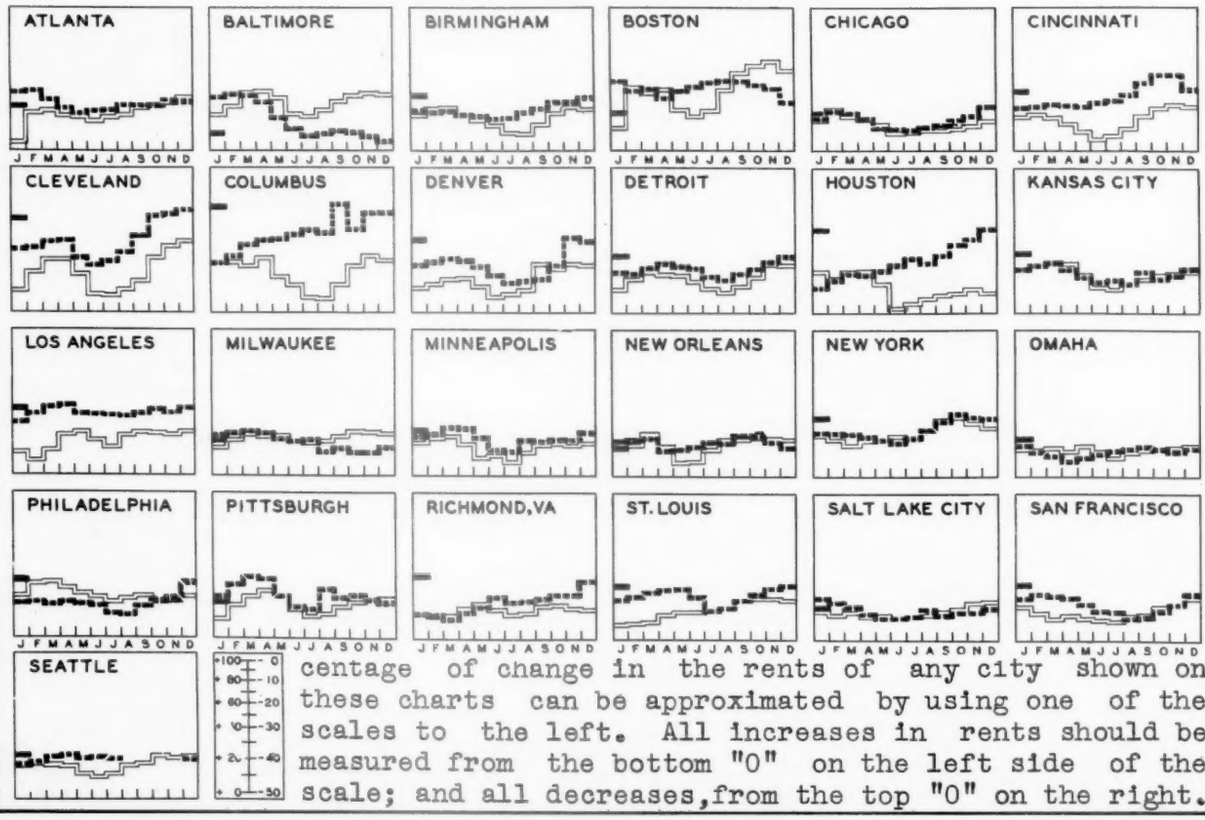

centage of change in the rents of any city shown on these charts can be approximated by using one of the scales to the left. All increases in rents should be measured from the bottom "0" on the left side of the scale; and all decreases, from the top "0" on the right.

ADVERTISED RENTALS ON DWELLING UNITS

THE Real Estate Analyst computes the average advertised rents of residential units of various types each month in the twenty-six metropolitan cities listed below. The figures given are average rents per month per room for all units of each type, large and small, advertised in the classified columns of the leading newspapers of each city.

The average of all places advertised for rent will vary considerably from month to month due to the inclusion some months of a larger number of either high or low priced units. See the special note on page 663 for an explanation of certain peculiarities of these figures.

The January figures are preliminary, based on the advertisements appearing during the first two weeks of the month. In a majority of the cities these preliminary figures are above the final figures for January, 1936.

	1936												1937
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	*Jan.
SINGLE FAMILY DWELLINGS													
Atlanta	$6.68	$6.59	$6.71	$6.97	$7.15	$7.39	$7.51	$7.50	$7.65	$7.43	$7.10	$6.75	$6.60
Baltimore	5.69	5.82	5.95	5.97	5.89	5.99	6.02	5.71	5.94	5.93	6.05	5.95	5.80
Birmingham	4.96	5.03	5.06	5.03	4.87	5.00	5.18	5.43	5.33	5.30	5.29	5.56	5.61
Boston	7.47	7.27	7.17	7.15	6.93	7.04	6.72	7.16	7.24	7.71	7.74	7.70	7.35
Chicago	8.63	9.66	10.32	10.37	10.11	9.63	9.12	9.96	9.60	9.80	9.10	7.86	8.50
Cincinnati	7.92	7.96	8.35	8.68	8.65	8.93	9.48	9.93	9.90	9.81	9.83	9.50	9.49
Cleveland	7.59	7.56	7.88	8.40	8.67	8.83	8.86	9.84	9.55	9.95	9.73	9.40	9.09
Columbus	5.42	5.36	5.44	5.71	5.95	6.23	6.42	6.98	7.03	7.35	7.53	7.53	7.52
Denver	5.77	5.84	5.82	5.96	6.17	6.67	6.80	6.65	7.05	7.18	7.26	7.14	7.26
Detroit	7.93	7.74	8.12	8.56	8.79	8.51	8.09	8.43	9.11	9.66	9.69	9.25	9.03
Houston	7.00	6.92	6.84	7.20	7.47	7.81	8.09	8.86	8.90	9.05	9.15	8.75	8.61
Kansas City	4.84	4.92	5.00	5.00	4.99	5.20	5.28	5.15	5.17	5.05	4.94	4.98	4.97
Los Angeles	8.68	8.72	8.74	8.95	8.80	8.81	8.69	10.15	10.36	10.97	11.05	11.12	11.08
Milwaukee	7.17	7.35	7.90	8.59	8.71	8.26	7.88	8.80	8.55	8.81	8.70	8.25	8.01
Minneapolis	6.04	6.22	6.49	6.69	6.67	6.67	6.71	7.05	7.20	7.05	6.71	6.71	6.66
New Orleans	5.41	5.36	5.28	5.25	5.38	5.66	6.11	6.75	7.41	7.53	7.05	6.11	5.61
New York	10.93	11.11	11.40	11.69	11.71	11.40	11.61	12.50	13.23	13.42	12.12	11.52	12.04
Omaha	6.14	6.27	6.34	6.38	6.36	6.57	6.62	6.69	6.66	6.65	6.32	6.04	5.98
Philadelphia	5.46	5.46	5.52	5.79	6.01	6.03	6.11	6.30	6.30	6.44	6.88	6.99	7.03
Pittsburgh	6.81	6.98	7.41	7.84	7.89	7.67	7.78	8.25	8.20	8.20	8.25	8.43	8.76
Richmond	6.17	6.65	6.98	7.18	6.96	7.21	7.32	7.52	7.46	7.69	7.98	8.25	7.94
Saint Louis	6.45	6.27	6.43	6.48	6.72	7.07	7.42	7.31	7.20	6.86	7.29	7.15	6.90
Salt Lake City	5.49	5.33	5.49	5.58	5.91	6.30	6.70	6.60	6.26	5.97	6.11	6.38	6.54
San Francisco	7.55	7.54	7.36	7.36	7.24	7.16	7.11	7.55	8.34	8.86	9.15	9.10	9.21
Seattle	5.55	5.45	5.51	5.70	5.96	6.09	6.19	x	x	x	x	6.40	6.66
Tulsa	6.77	6.74	6.56	6.42	6.48	7.11	7.67	7.97	8.00	7.96	7.64	7.41	7.36
HEATED APARTMENT UNITS													
Atlanta	10.89	10.91	10.42	10.00	9.71	9.82	9.89	10.13	10.10	10.33	10.14	10.37	10.14
Baltimore	11.93	12.05	12.02	11.65	10.74	10.09	9.79	9.88	9.94	9.75	9.63	9.56	9.89
Birmingham	8.61	8.54	8.57	8.45	8.39	8.26	8.27	8.52	8.68	8.98	9.01	9.28	9.26
Boston	12.17	11.55	11.68	11.13	11.59	11.80	12.05	12.20	12.18	11.97	11.08	10.38	9.66
Chicago	11.85	12.26	12.14	11.86	11.25	11.23	11.14	11.32	11.47	11.66	12.08	12.28	12.42
Cincinnati	11.26	11.36	11.47	11.45	11.40	11.57	11.71	12.01	12.81	13.30	13.32	12.43	12.20
Cleveland	10.40	10.49	10.77	10.82	9.97	9.60	9.79	10.25	11.10	12.25	12.46	12.49	12.09
Columbus	9.07	9.38	9.94	10.16	10.20	10.41	10.62	10.50	12.13	10.74	11.59	11.60	12.07
Denver	10.87	11.02	11.24	11.16	10.76	10.31	9.94	10.02	10.92	10.86	12.59	12.40	12.41
Detroit	10.49	10.40	10.70	10.93	10.79	10.65	10.27	10.05	10.32	10.68	11.08	11.28	11.30
Houston	8.00	8.29	8.59	8.53	8.70	8.95	9.28	9.03	9.31	9.87	10.12	10.58	10.59
Kansas City	6.88	7.00	7.11	6.86	6.61	6.48	6.51	6.40	6.79	6.58	6.76	6.99	7.47
Los Angeles	11.87	12.31	12.79	12.82	12.33	12.32	12.28	12.21	12.36	12.51	12.42	12.52	12.75
Milwaukee	9.88	9.95	10.02	9.95	9.64	9.51	9.60	9.02	9.15	8.97	8.96	9.22	9.43
Minneapolis	9.18	9.29	9.59	9.57	9.13	8.58	8.50	9.00	8.95	9.04	8.95	9.31	9.24
New Orleans	8.41	8.49	8.53	8.01	8.04	8.17	8.36	8.32	8.67	8.45	8.34	8.11	8.20
New York	17.58	17.56	17.40	17.20	16.97	16.74	17.02	17.88	18.54	19.30	18.95	18.90	18.93
Omaha	10.54	10.21	10.00	9.73	9.90	10.11	10.28	10.32	10.37	10.30	10.20	10.42	10.66
Philadelphia	13.20	13.23	13.08	13.23	13.08	12.94	12.45	12.37	12.98	13.30	13.62	14.58	14.88
Pittsburgh	9.91	10.51	10.96	10.82	9.93	9.42	9.29	10.28	9.80	9.95	9.65	9.72	9.69
Richmond	9.70	9.69	9.41	9.75	10.01	10.53	10.29	10.31	10.41	10.52	10.60	11.21	11.57
Saint Louis	9.79	9.94	10.17	10.37	10.38	9.95	9.26	9.34	9.69	10.04	10.33	10.47	10.31
Salt Lake City	9.91	9.70	9.50	9.16	8.98	8.98	9.02	9.37	9.10	9.21	9.16	9.29	9.38
San Francisco	11.83	12.01	11.93	11.83	11.41	11.02	11.01	10.67	10.73	10.96	11.42	12.17	12.53
Seattle	10.23	10.37	10.53	10.60	10.50	10.56	10.46	x	x	x	x	10.32	10.52

*Preliminary
xNewspaper strike

REAL ESTATE TRANSFERS IN PRINCIPAL CITIES
1930–1936

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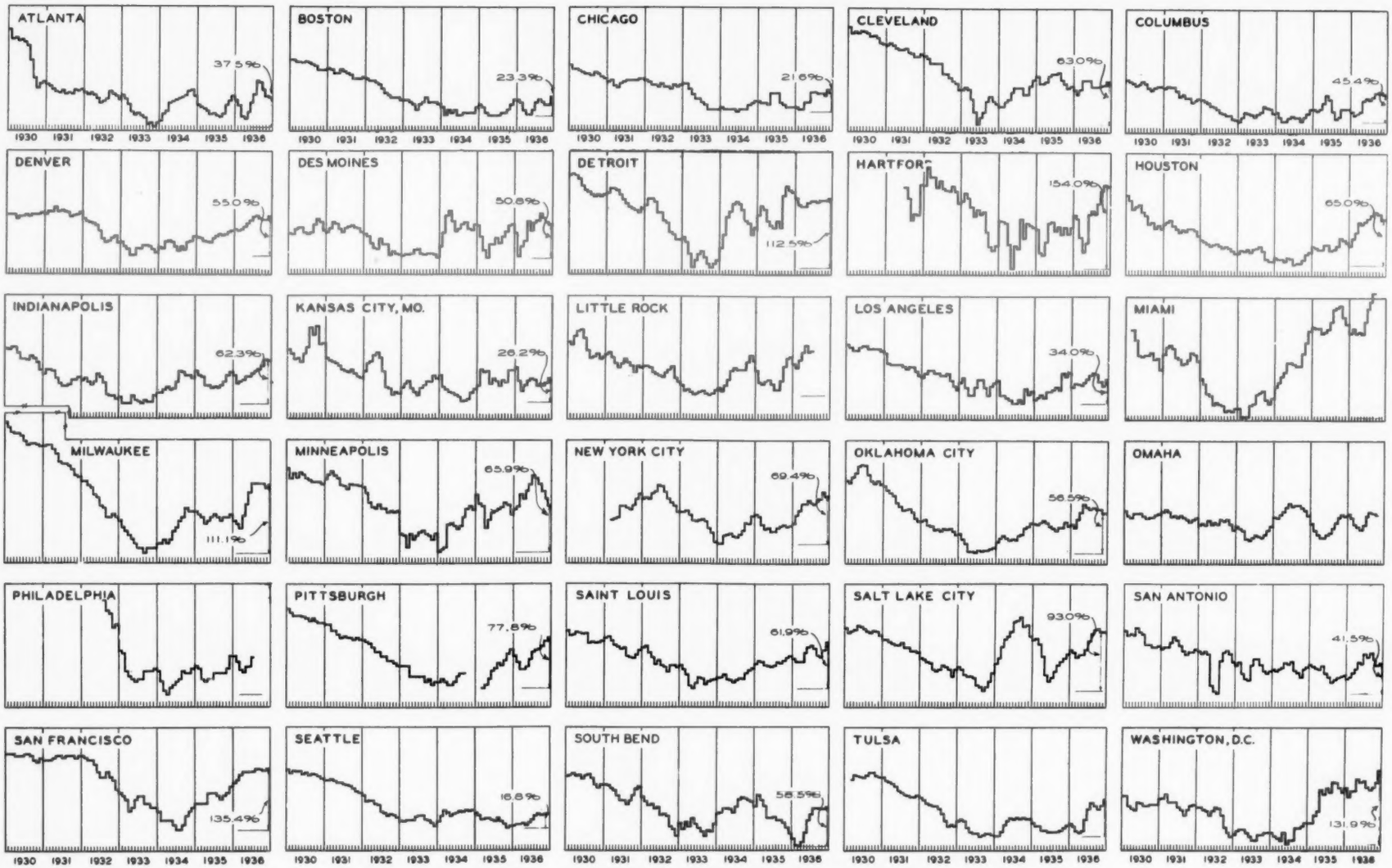
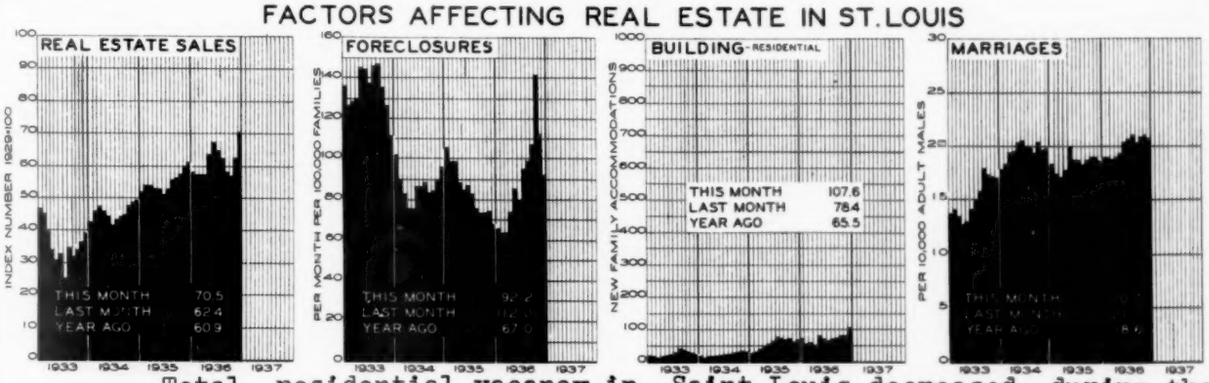


NOTE: CITIES SHOWING NO PERCENTAGE FIGURE INDICATES THAT CURRENT FIGURES WERE NOT AVAILABLE FOR THIS ISSUE.

(continued from page 661)
on the various factors affecting particular buildings. It seems to us that the bonds of hotel buildings will increase slightly faster on the average than the bonds of office buildings, as hotels are reaching a higher percentage of room occupancy than office buildings will during 1937. Hotels can also increase their room rates without advance notice, while office buildings with a large percentage of their space under lease can not secure higher rents until present leases expire. Bond issues on good apartment buildings should show sizable increases during 1937. We believe that the best issues for the investor are those in which reorganizations have transferred the entire equity to the bondholders. Many of these issues should prove extremely profitable.

Farm values will continue to increase during 1937. Our guess would be that average farm values in the United States will increase by about 5% during the year. This percentage, however, will vary greatly from state to state. In a few states the increase may run as high as 10%, while in a few others the increase will be very small. We think that average farm values in Iowa, Indiana, Ohio, Pennsylvania, and North Carolina will show sizable increases. We believe that no state will show a drop in the average value of its farm lands during the next year.

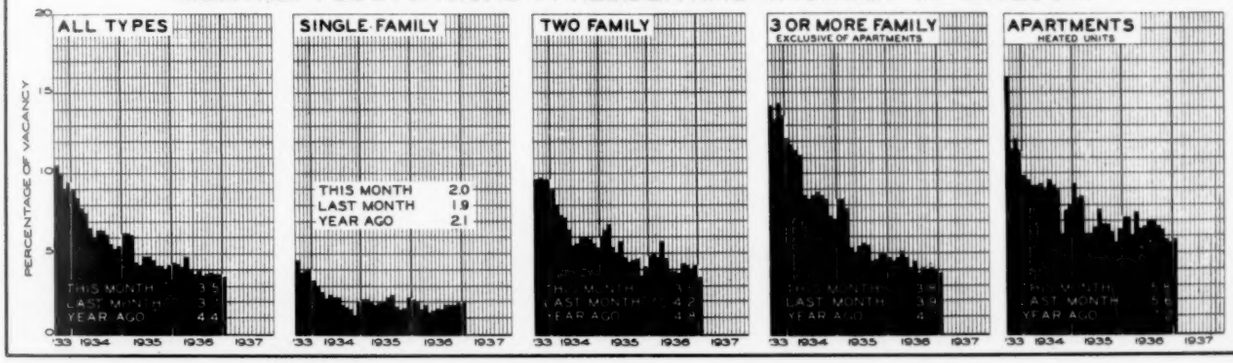
FACTORS AFFECTING REAL ESTATE IN ST. LOUIS

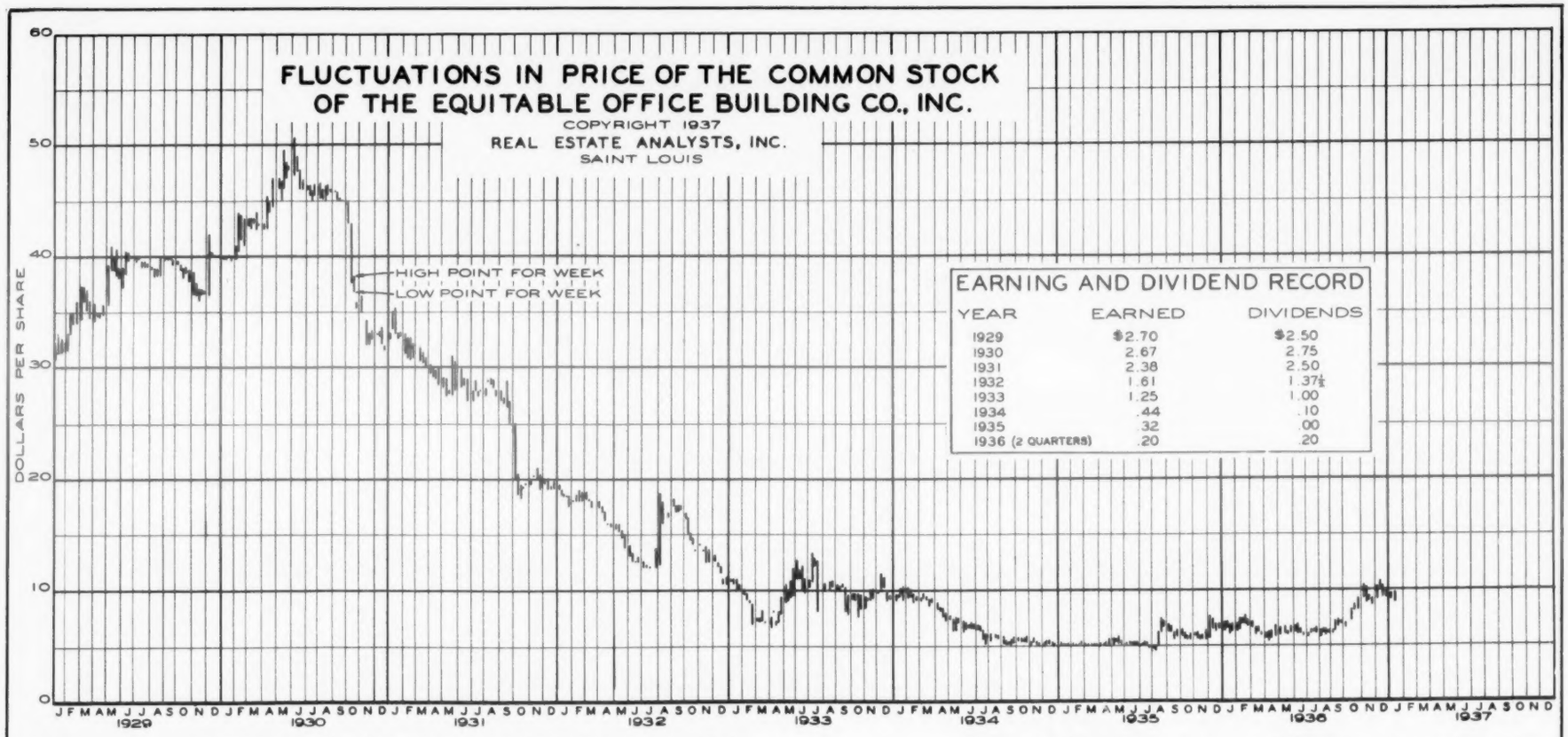


Total residential vacancy in Saint Louis decreased during the period from December 8 to January 6. The number of vacant residential units for November, 1932, and January of the last four years is shown in the following table:

Date	Vacancies	Vacancy %
November, 1932	28,207	12.8
January, 1934	20,248	9.1
January, 1935	13,900	6.2
January, 1936	9,650	4.4
January, 1937	7,750	3.5

MONTHLY FLUCTUATIONS IN RESIDENTIAL VACANCY IN ST. LOUIS




FLUCTUATIONS IN PRICE OF THE COMMON STOCK
OF THE EQUITABLE OFFICE BUILDING CO., INC.
COPYRIGHT 1937
REAL ESTATE ANALYSTS, INC.
SAINT LOUIS
DOLLARS PER SHARE
60
50
40
30
20
10
0
HIGH POINT FOR WEEK
LOW POINT FOR WEEK
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D
1929
1930
1931
1932
1933
1934
1935
1936
1937

EARNING AND DIVIDEND RECORD

YEAR	EARNED	DIVIDENDS
1929	$2.70	$2.50
1930	2.67	2.75
1931	2.38	2.50
1932	1.61	1.37½
1933	1.25	1.00
1934	.44	.10
1935	.32	.00
1936 (2 QUARTERS)	.20	.20

THE common stock of the Equitable Office Building, located at 120 Broadway, New York City, is listed on the New York Stock Exchange. The property is included in the block bounded by Broadway, Pine street, Nassua street, and Cedar street, and includes approximately fifty thousand square feet, improved with a forty story building about twenty years old, containing about 1,220,000 square feet of rentable floor space. The funded debt is approximately $24,000,000. There are 862,098 shares of no par common stock outstanding. The fiscal year ends April 30, and the table on the chart is based on this fiscal year. A dividend of ten cents not shown in the table was declared in January, 1937.

This building has suffered heavily due to the contraction of space requirements on the part of tenants in the financial district, and to the completion of a number of more modern buildings. We are inclined to believe that sufficient expansion of space requirements of tenants in the investment and financial business will take place during the next few years to provide increased occupancy at a rate in excess of the present, although many leases at lower rents will retard rapid increase of gross revenue. As the expense of this building is practically fixed in amount, increased income will be available as earnings to the common stock. It seems to us that this stock will increase in value.

MATERIAL BELIEVED TO BE RELIABLE BUT NOT GUARANTEED